

VZCZCXYZ0082
PP RUEHWEB

DE RUEHEG #2402/01 3641521
ZNR UUUUU ZZH
P 301521Z DEC 09
FM AMEMBASSY CAIRO
TO RUEHC/SECSTATE WASHDC PRIORITY 4606
INFO RHEHNSC/NSC WASHDC
RHEHAAA/WHITE HOUSE WASHDC

UNCLAS CAIRO 002402

SENSITIVE
SIPDIS

DEPT FOR NEA/RA, NEA/ELA, OES/STC (WILLIAM LAWRENCE)
WHITE HOUSE FOR OSTP (JASON RAO)

E.O. 12958: N/A
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SUBJECT: SCENE SETTER FOR SCIENCE ENVOY ZEWAIL

Sensitive but Unclassified. Please handle accordingly.

1.(SBU) Dr. Zewail, we warmly welcome you back to Egypt. Working successfully with the Egyptian government on science and technology cooperation is an important component to our bilateral relationship. Your inaugural visit as science envoy will enable the U.S. to highlight this collaboration and discuss ways to bolster our science programming in Egypt as well as reach out to young science students and graduates, a key goal raised by President Obama during his June speech in Cairo. We have requested meetings for you with President Mubarak, Prime Minister Nazif, Minister of Trade Rachid Rachid, Minister of Defense Field Marshall Mohamed Hussein Tantawi, Minister of Telecommunications Tarek Kamel, and Minister of Higher Education Hany Hilal.

S&T COOPERATION

12. (SBU) The U.S.-Egypt Science and Technology Cooperation Fund established in 1995 and administered in Cairo by the Egyptian government and USAID and in Washington by the Department of State, NSF, and USDA, has long been the Department's most active and productive bilateral science account. The \$4 million annual fund (presently at \$2 million from each side) has awarded grants for over 420 funded scientific collaborations between American scientists and their Egyptian counterparts and over 60 workshops, with topics ranging from renewable energy to astrophysics, to combating neonatal jaundice. In addition, the fund supports the junior scientist development program which provides grants for short-term training for Egyptian researchers traveling to U.S. institutions and for Americans to visit Egyptian organizations. More than 100 scientists have participated in the program. There is interest on both sides to expand the fund and we hope to increase our contribution from economic support fund assistance given to Egypt.

SCIENCE SCHOOLS

13. (SBU) USAID, in cooperation with the Egyptian Ministry of Education, is currently designing a "Science Schools" program to increase student interest, participation, and achievement in mathematics and science while also raising the quality of teaching through expanded professional development opportunities for mathematics and science teachers. The program will identify existing schools at the 7-12 grade level as centers of excellence to provide gifted learners with pathways to develop the skills needed to pursue accelerated study in science and mathematics. The program will also establish effective collaborations between these newly established science programs in Egypt and similar programs in the US. The project will support the Ministry of Education in improving the curriculum standards for science and mathematics education in accordance with international standards. The design phase of this program is expected to be completed in three months.

RENEWABLE ENERGY

14. (SBU) The Egyptian government has set a target for 20% of Egypt's electricity consumption to be generated by renewable energy resources by the year 2020. 12% is expected to come from wind power (which translates into the addition of approximately 7,200 megawatts of grid-connected wind farms over the period), 8% from hydro-power, and nominal contributions from other renewable energy resources. The U.S. has played an important role in developing Egypt's renewable energy sector, having contributed to the creation of the Ministry of Electricity's New and Renewable Energy Authority in the 1980s, and continues to offer technical assistance to the government.

REGIONAL ISSUES

15. (SBU) Egypt is a key strategic partner on critical regional issues, most prominently the Israeli-Palestinian conflict. Egypt supports a two-state approach but is concerned that negotiations will remain stalled due to Israeli settlement activity and weakened Palestinian Authority leadership. Currently, Egyptian efforts are focused on brokering reconciliation among Palestinian factions, including Fatah and Hamas, in a manner that addresses Egyptian security concerns and would allow for an eventual return of the PA to Gaza. Egypt continues to maintain a low-profile but effective strategic relationship with Israel on security issues, and remains concerned about Iran's regional activity, including in Lebanon, Yemen and Sudan. Egypt is keenly attuned to the situation in Sudan, given its strategic interest in Nile water flows.

INTERNAL POLITICS

16. (SBU) Egyptians are currently focused on the 2010 parliamentary and 2011 presidential elections. The press, politicians and activists are engaged in a public debate over issues such as succession, international monitoring, and voter registration. Former head of the International Atomic Energy Agency Mohammed El-Baradei's public comments that he would consider running against Mubarak in 2011 if certain constitutional reforms were enacted has generated a great deal of interest. The question of succession is also a much-debated topic, with many observers speculating over whether President Mubarak's son Gamal will become president in the future. Succession is a highly sensitive issue and we continue to make clear that, while the U.S. government supports free and fair elections, the question of succession is ultimately one for Egyptians to decide.

ECONOMY

17. (SBU) Egypt continues to suffer from widespread poverty affecting 35-40% of its population, particularly in rural areas and Upper Egypt. Economic reform has stalled while policy-makers attempt to digest problems of high inflation and the global economic crisis. Egypt was somewhat spared the early effects of the global credit crunch since Egyptian banks operate conservatively. However, the effects of the global economic crisis have slowed GDP growth to an annual 3-4% rate. Exports, Suez Canal revenues, tourism and expatriate remittances - Egypt's largest sources of revenue - have all dropped significantly in the past year.

TRADE

18. (SBU) Egyptian-U.S. trade has more than doubled over the past four years, reaching almost \$9 billion in 2008. The U.S. exports to Egypt about twice as much as it imports, and Egypt has become the seventh largest market for U.S. agricultural exports. Egyptian exports to the U.S. are dominated by textiles, which enjoy generous trade preferences under the QIZ program. Minister of Trade and Industry Rachid Rachid has said he hopes to increase U.S.-Egypt bilateral trade to \$16 billion by 2013. Minister Rachid and U.S. Trade Representative Ambassador Ron Kirk agreed to a new trade dialogue under the rubric "U.S.-Egypt Strategic Economic

Partnership" in May 2009.
Scobey